Message Text

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INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 TRSE-00 MC-02 OMB-01 AID-05 IGA-02

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P R 011715Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7099
SECDEF WASHDC PRIORITY
AMEMBASSY LISBON
USMISSION NATO BRUSSELS
INFO CINC EUR VAIHINGEN
USNMR SHAPE

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E.O. 11652: GDS

TAGS: MASS, MPOL, NATO. PO, GW

SUBJECT: FRG TANKS FOR THE PORTUGUESE BRIGADE

REFS: A. USCINCEUR VAIHINGEN MSG ECJ4/6, DTG 041003Z FEB 77 B. USMISSION NATO 1865 DTG 311815Z MAR 77 C. STATE 070117 DTG 300103 MAR 77

BEGIN SUMMARY: AS EXPECTED, FRG REACTION TO A 23-MONTH DELAY IN DELIVERING M48A5 TANKS TO PORTUGAL WAS THAT THIS WOULD NEGATE THE PURPOSE FOR WHICH THEY WERE BEING PROVIDED. IT ALSO CONSIDERS THE UPGRADING COST OF APPROXIMATELY 348,000 DOLLARS PER TANK TO BE SO HIGH AS TO MAKE THE WHOLE CONCEPT QUESTIONABLE. HOWEVER, THE FRG DID NOT COMPLETELY CLOSE THE DOOR TO PAYING THAT SUM FOR UPGRADING SHOULD SOME WAY BE FOUND TO OVERCOME THE TIME PROBLEM. END SUMMARY.

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1. THE EMBASSY HAD DELIBERATELY REFRAINED FROM GIVING THE FEDERAL MINISTRY OF DEFENSE (FMOD) THE COST AND TIME FIGURES PRESENTED IN REFTEL A BECAUSE IT SEEMED CLEAR THAT A 23-MONTH DELAY WOULD MEAN THAT CONVERSION AT ANNISTON ARMY DEPOT WOULD FAIL TO MEET REQUIREMENTS. LIKE AMBASSADOR STRAUSZ-HUPE (REFTEL B), WE HOPED THAT THE TIME DELAY CAUSED BY DIVERTING SOME UPGRADED U.S.

TANKS TO PORTUGAL WOULD BE CONSIDERED AS NEGLIGIBLE, PARTICULARLY CONSIDERING OUR CRITICAL POLITICAL GOALS FOR PORTUGAL.

- 2. REFTEL C MADE IT CLEAR THAT THE DEPARTMENT WISHED THE EMBASSY TO PRESENT THE 23-MONTH DELAY TO THE FMOD. WE DID SO IN THE HOPES THAT THE FMOD HAD DISCOVERED THAT IT WOULD BE POSSIBLE TO UPGRADE THE M48A2 TO THE M48A5 LEVEL USING FRG FACILITIES. THIS HOPE PROVED TO BE ILLUSORY; OUR FMOD SOURCES HAVE SAID THAT THEIR BEST INFORMATION IS THAT TOOLING UP FOR CONVERSION IN FRG FACILITIES WOULD SIMPLY TAKE TOO LONG TO ACHIEVE DESIRED POLITICAL GOALS.
- 3. WHEN IT LOOKED AS IF THE FMOD WAS ABOUT TO RETURN TO ITS OLD POSITION THAT M48A2 TANKS ARE GOOD ENOUGH FOR PORTUGAL, EMBOFF SAID THAT THE DATA HE HAD PROVIDED WAS IN RESPONSE TO AN FRG QUERY. THIS DID NOT MEAN THAT OTHER APPROACHES WERE IMPOSSIBLE.
- 4. THE CONVERSATION THEN TURNED TO THE COST OF APPROXIMATELY 348,000 DOLLARS CONVERSION COST PER TANK (INCLUDING PRORATED COSTS FOR REVISING THE DRAWINGS). OUR FMOD CONTACTS POINTED OUT THAT THIS WAS MORE THAN FIFTY PERCENT HIGHER THAN THE PLANNING FIGURE USED BY THE DEFENSE MINISTRY. MOREOVER, THE TOTAL AID PACKAGE FOR PORTUGAL APPROVED BY THE GERMAN FEDERAL SECURITY COUNCIL AMOUNTED ONLY TO 25 MILLION DM'S. AT THIS PRICE, THE UPGRADING OF THE TANKS WOULD COST APPROXICONFIDENTIAL

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P R 011715Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7100
SECDEF WASHDC PRIORITY
AMEMBASSY LISBON
USMISSION NATO BRUSSELS
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MATELY 14.2 MILLION DM'S OUT OF THE 25 MILLION DM'S AVAILABLE. TO DEVOTE SUCH A LARGE PERCENTAGE OF THE FUNDS AVAILABLE SIMPLY TO UPGRADING THE TANKS SEEMED HARDLY THE BEST USE OF RESOURCES AND WOULD BE EXTREMELY DIFFICULT TO SELL TO THE BUDGET AND DEFENSE COMMITTEES OF THE BUNDESTAG, THEY SAID.

- 5. OUR FMOD CONTACTS TURNED TO ANOTHER PROBLEM WHICH THEY FELT MIGHT ARISE: THAT IS, THE LIKELIHOOD THAT TANKS UPGRADED IN AN AMERICAN FACILITY WOULD BE VIEWED BY THE PORTUGUESE AS A GIFT FROM THE AMERICAN RATHER THAN THE GERMAN GOVERNMENT. EMBASSY OFFICER POINTED OUT THAT THIS PROBLEM WOULD PRESUMABLY DISAPPEAR WERE THE TRAINING ON THESE TANKS TO BE PROVIDED BY BUNDESWEHR SOLDIERS.
- 6. WHILE OUR FMOD CONTACTS WERE CLEARLY TAKEN ABACK CONFIDENTIAL

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BY THE COSSTS OF UPGRADING, THEY DID NOT COMPLETELY RULE OUT THE POSSIBILITY THAT THE FRG MIGHT PAY THEM IF THE PORTUGUESE PUT THIS AS THEIR FIRST PRIORITY. AT THE SAME TIME, THEY SAID THAT THE 23-MONTH DELAY CLEARLY MADE CONVERSION AT ANNISTON A NON-STARTER. EMBASSY OFFICER SUGGESTED THAT THE PROBLEM OF TIMING COULD BEST BE HANDLED AFTER THE FRG HAD DECIDED WHETHER THE COSTS OF CONVERSION AT ANNISTON WERE ACCEPTABLE. OUR FMOD CONTACTS SEEMED PREPARED TO PROCEED ON THAT BASIS. STOESSEL

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Message Attributes

Automatic Decaptioning: X

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a

Current Classification: UNCLASSIFIED Concepts: TANKS (COMBAT VEHICLES), MILITARY ASSISTANCE PROGRAMS

Control Number: n/a

Copy: SINGLE Sent Date: 01-Apr-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am

Decaption Note:

Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 22 May 2009 Disposition Event:

Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN05833
Document Source: CORE

Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A

Expiration:

Film Number: D770113-0260

Format: TEL From: BONN

Handling Restrictions: n/a

Image Path:

ISecure: 1

Legacy Key: link1977/newtext/t197704100/aaaadivc.tel

Line Count: 164 Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM

Message ID: ebe9b39b-c288-dd11-92da-001cc4696bcc

Office: ACTION EUR

Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a Page Count: 3
Previous Channel Indicators: n/a

Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a

Reference: n/a Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 04-Oct-2004 12:00:00 am

Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2662183 Secure: OPEN Status: NATIVE

Subject: FRG TANKS FOR THE PORTUGUESE BRIGADE

TAGS: MASS, MPOL, PO, GE, NATO To: STATE DOD

Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ebe9b39b-c288-dd11-92da-001cc4696bcc

Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009